

Corporate Governance Report

As required by the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance (the "Swedish Code"), this Corporate Governance Report describes the organizational bodies, rules, and other governance structures by which Husqvarna Group is controlled and operated. The Group's external auditors have reviewed this report and their opinion has been included in the Auditor's Report.

Good corporate governance is a fundamental prerequisite not only to meet our obligations as a public company, but also to create value for shareholders in an efficient, responsible and sustainable manner. The Husqvarna Group's corporate governance structures are defined in part by external laws (e.g., the Swedish Companies Act), in part by self-regulatory standards (e.g., the Swedish Code and the Nasdaq Stockholm Rulebook for Issuers) and in part by internal rules (e.g., the Company's Articles of Association, Code of Conduct, and Group policies). While not mandatory, Husqvarna Group has elected to comply with all aspects of the Swedish Code, without exception.

Husqvarna has no deviations from the Swedish Code to report for the 2019 financial year. Nor has Husqvarna been subject to any rulings by Nasdaq Stockholm's Disciplinary Committee or decisions on breaches of sound practices in the stock market by the Swedish Securities Council. For more information, go to: husqvarnagroup.com/en/corporate-governance/.

The highest corporate decision-making body in the Company is the Shareholders' General Meeting, which is normally held once per year in the form of the Annual General Meeting ("AGM"), but can also be in the form of an Extraordinary General Meeting under certain circumstances. The 2020 AGM will take place at 4 p.m. on Thursday, April 2, 2020 at the Elmia Congress Center, Elmiavägen 15 in Jönköping, Sweden. The Company prepares the AGM agenda with input from its shareholders, who have the right to propose matters for consideration at the AGM.

Shareholders

Husqvarna AB's shares have been traded on Nasdaq Stockholm since June 2006. At year-end 2019, the share capital amounted to SEK 1,153m, represented by 112,015,629 A-shares and 464,328,149 B-shares, each with a par value of SEK 2. A-shares carry one vote and B-shares carry one tenth of a vote. As per the Articles of Association, holders of A-shares are entitled to request conversion of A-shares into B-shares on a 1:1 basis. During 2019, 421,922 A-shares were converted to an equivalent number of B-shares.

As of December 31, 2019, the number of shareholders was 63,897, whereof foreign shareholders held approximately 29.7% of the outstanding share capital. Investor AB was the single largest shareholder with a holding of 16.8% of the share capital and 33.1% of the votes. L E Lundbergföretagen was the second largest shareholder with a holding of 7.6% of the capital and 25.1% of the votes. For further information on the Husqvarna AB shares and shareholders, see section "The share".

Nomination Committee

In accordance with the Swedish Code, Husqvarna AB is required to have a Nomination Committee, the primary responsibilities of which are to consider and submit to the AGM proposals and recommendations regarding:

- The Chair of the AGM;
- The number of Board members;
- The nominees for election to the Board;
- The Chair of the Board;
- Remuneration to Board members, including the Chair, and remuneration for Board members' work on Board committees;
- Selection of external auditors (when applicable);
- Remuneration to external auditors; and
- Changes to the process regarding the composition and tasks of the Nomination Committee (if applicable).

The AGM determines the process for establishing the Nomination Committee and its members. At Husqvarna AB's 2013 AGM it was decided that the following process would apply until a subsequent AGM resolves otherwise:

- The Company shall have a Nomination Committee consisting of five members.
- The members shall consist of one representative of each of the four largest shareholders in the Company in terms of voting rights held as of the last banking day of August, with the fifth member being the Chair of the Board.
- In the event that any of the four largest shareholders elect not to nominate a representative to the Nomination Committee, the right to appoint such a representative passes to the fifth largest shareholder and so on.
- The Company's Board Secretary shall serve as secretary of the Nomination Committee.

These rules established at the 2013 AGM have not been changed by any subsequent AGM and therefore continue to apply.

The formation of the Nomination Committee for the 2020 AGM was announced on September 11, 2019. The members of the Nomination Committee (and corresponding appointing shareholders) for the 2020 AGM are:

Member	Appointing shareholder
Petra Hedengran (Chair)	Investor AB
Claes Boustedt	L E Lundbergföretagen AB
Ricard Wennerklint	If Skadeförsäkring AB
Henrik Didner	Didner & Gerge Fonder AB
Tom Johnstone ¹	–

¹ Board Chair of Husqvarna AB

The determination of the four largest shareholders for purposes of nominating representatives to the Nomination Committee was based on known holdings of voting rights as of August 30, 2019. Nomination Committee members do not receive compensation from Husqvarna AB for their work on the Nomination Committee.

As noted above, one of the chief duties of the Nomination Committee is to make recommendations regarding the size and composition of the Board. Normally, the starting point for such recommendations is a survey conducted each year by the Chair of the Board to assess the Board's work, composition, qualifications, experience and efficiency. The results of this survey are shared and discussed with the Nomination Committee.

Based on survey results and, if deemed appropriate, subsequent discussions and interviews, the Nomination Committee determines whether the existing Board should be strengthened with additional expertise or if there are any other reasons to make changes to the composition of the Board. In making such determinations and (if applicable) evaluating potential new candidates for the Board, the Nomination Committee takes into consideration the objective to achieve a gender balance in the Board.

The Nomination Committee has applied rule 4.1 of the Swedish Code as its diversity policy. In addition, the Nomination Committee takes into consideration the need to ensure that the independence requirements of the Swedish Code are met. These requirements stipulate that at least the majority of Board members must be independent from the Company's management, and that at least two (from such majority) are also independent of the Company's largest shareholders. The Nomination Committee also takes into account any proposals made to the Nomination Committee about the composition of the Board that may have been suggested by other shareholders. Shareholders who wish to submit proposals to the Nomination Committee may do so by sending an email to nominationcommittee@husqvarnagroup.com. While there is no formal cut-off date for proposals, it was recommended in the September 11, 2019 notice of the formation of the Nomination Committee that such proposals from shareholders be received by the Company no later than February 6, 2020.

For the 2020 AGM, the Nomination Committee announced its required proposals along with the notice of the AGM, which was published on the Company's website on February 28, 2020. The Nomination Committee will present and explain its work and proposals at the AGM.

The Annual General Meeting

General

The AGM is the highest decision-making body of the Company. In accordance with the Swedish Companies Act, the AGM of Husqvarna AB must be convened annually on a date not later than six months after the close of the preceding financial year, and is normally held in March or April.

According to Husqvarna AB's Articles of Association, the AGM must be held in Jönköping or Stockholm, Sweden, although it has traditionally been held in Jönköping. The notice of the AGM (specifying its date, location, agenda, etc.) shall be made public at least four weeks and not more than six weeks prior to the AGM. The notice is published in the Swedish daily newspaper, Svenska Dagbladet and the Swedish Official Gazette (Post- och Inrikes Tidningar). It is also announced in a press release and on the Company's website at www.husqvarnagroup.com. For the 2020 AGM, the notice was published by press release on February 28, 2020 and in Svenska Dagbladet and the Swedish Official Gazette (Post- och Inrikes Tidningar) on March 3, 2020.

Shareholders who are listed in the share registry on the record day (i.e., Friday, March 27, 2020) and wish to be represented at the AGM must register to do so with the Company by no later than Friday, March 27, 2020. Shareholders who are individuals may attend the AGM in person or by proxy. Shareholders attending the meeting by proxy, including all corporate shareholders, must submit a valid power of attorney as well as other required documentation in due time before the AGM. This, together with information provided by Euroclear Sweden AB, allows the Company to compile a book of shareholders eligible to vote at the AGM. Following this compilation, voting certificates are sent to all shareholders attending the meeting or their designated representatives. Voting certificates are proof of voting rights and also serve as an entrance card to the AGM.

AGM agenda items & written documentation

The agenda for the AGM is reviewed and approved by the Board and consists of matters that are statutorily required, as well as other matters.

Matters typically include:

- Election of Chair of the AGM¹;
- Adoption of statutory financial documentation;
- Discharge of liability for the Board members and CEO;
- Disposition of the Company's profit;
- Number of elected Board members¹;
- Remuneration to Board members, committee members and external auditors¹;
- Election of external auditor¹;
- Election of Chair of the Board¹;
- Election of Board members¹;
- Principles of remuneration for Group Management;
- Adoption of long-term incentive programs (if applicable);
- Repurchase and transfer of the Company's own shares (if applicable);
- Authorization to resolve on the issuance of new shares (if applicable); and
- Such other matters as may be deemed necessary and appropriate by the Board.

¹ Indicates agenda items for which the Nomination Committee makes a proposal.

Shareholders may also, prior to the publication of the notice to attend the AGM, propose matters to be put on the AGM agenda.

At the AGM, the Chair of the Board presents a report on the Board's work during the preceding year, the CEO gives an overview of the Company's business and current priorities, and the auditors present their report and review of the Company's finances. If required, the Chair of the People & Sustainability Committee (formerly the "Remuneration Committee")² reports on remuneration to Group's executive management (herein, "Group Management") and, if it is to be decided by the AGM, the Company's long-term incentive programs. Shareholders may also direct questions to the Chair of the Board, the CEO, the Nomination Committee, the Chair of the People & Sustainability Committee, the external auditors or any other Board member. Written documentation is presented at the AGM, normally both in English and Swedish. This documentation may be downloaded from the Company's website and is also sent to shareholders upon request.

² This Committee is intended to be a "remuneration committee", within the meaning of Section 9 of the Swedish Code, see also "People & Sustainability Committee", on page 58.

Such documentation includes:

- The agenda for the AGM;
- Proposals from the Board and the Nomination Committee;
- The Board's report on the People & Sustainability Committee's evaluation of programs of variable remuneration for Group Management, the application of the principles of remuneration for Group Management and applicable remuneration structures and levels in the Company;
- The Nomination Committee's explanatory statement regarding the proposal for appointment of Board members; and
- The Board's report in relation to the proposed dividend and the proposal on the acquisition of the Company's own shares (if applicable).

The AGM is held in Swedish, but simultaneous translation into English is available. The minutes recorded at the AGM are normally published within a few days of the AGM. A press release including the decisions made by the AGM is published immediately after the AGM.

The 2019 AGM

The 2019 AGM was held on April 9, 2019 in Jönköping, Sweden with 736 shareholders attending in person or by proxy, representing 58% of the total number of shares and 78% of the total number of votes. Also attending were the Board, the external auditors and members of Group Management. The AGM approved the following resolutions:

- To adopt the income statements and balance sheets for 2018.
- To declare a dividend of SEK 2.25 per share in total, to be paid in two separate payments of SEK 0.75 per share to be paid on April 16, 2019, and SEK 1.50 per share to be paid on October 16, 2019.
- To discharge the Board and the CEO from liability for the financial year 2018.
- To establish the size of the Board at eight (8) elected members (including the CEO).
- To elect Tom Johnstone, Ulla Litzén, Katarina Martinson, Bertrand Neuschwander, Daniel Nodhäll, Lars Pettersson, Christine Robins and Kai Wärn as Directors of the Board.
- To appoint Tom Johnstone as Chair of the Board.
- To set Board remuneration at SEK 6,290t in total, of which SEK 2,000t to the Chair of the Board and SEK 580t to each of the Board members elected by the AGM and not employed by the Company. Furthermore, to pay additional remuneration of SEK 240t to the Chair of the Audit Committee and SEK 135t to each of the other two members of the Audit Committee, as well as SEK 140t to the Chair of the People & Sustainability Committee and SEK 80t to each of the other two members.
- To approve the Nomination Committee's proposal of election of auditors and to pay auditor's fees on the basis of approved invoices.
- To set principles of remuneration to Husqvarna Group Management, based on fixed salary, variable salary, long-term incentives, pensions and other benefits.
- To establish a performance-based long-term incentive program for 2019, LTI 2019, to be offered to 100 senior managers, whereby, subject to the fulfilment of certain performance targets and other conditions during a three-year vesting period, the participants would have the right to receive certain B-shares.
- To authorize the Board, during the period up until the next AGM, to direct the Company to enter one or more equity swap agreements with a third party (e.g., a bank) for purposes of hedging the obligations of the Company, under the LTI 2019

and any previously resolved programs.

- To authorize the Board to approve the issue of not more than 57,634,377 new B-shares against payment in kind on one or more occasions during the period up to the 2020 AGM.

The 2020 AGM

The 2020 AGM of Husqvarna AB will be held at 4 p.m. on Thursday, April 2, 2020 at the Elmia Congress Center, Elmiavägen 15 in Jönköping, Sweden. For more information regarding the 2020 AGM, see section "Annual General Meeting 2020".

The Board of Directors

According to Husqvarna AB's Articles of Association, the Board shall be comprised of no less than five and no more than ten Board members. The Articles of Association do not contain any specific provisions concerning the appointment and dismissal of directors (or the method by which the Articles of Association themselves may be amended), meaning that the rules otherwise stated in the Swedish Companies Act apply. There are currently eight Board members elected by the AGM (see section "Board of Directors and auditors"). In addition to the Board members elected by the AGM, Swedish trade unions have the statutory right to appoint two ordinary Board members with voting rights, as well as two non-voting deputies.

In accordance with the Swedish Code, the principle tasks of the Board include:

- Establishing the overall goals and strategy of the Company;
- Appointing, evaluating and, if necessary, dismissing the CEO;
- Defining appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability;
- Ensuring that there is an appropriate system for follow-up and control of the Company's operations and the risks to the Company that are associated with its operations;
- Ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and other regulations relevant to the Company's operations, as well as the application of internal guidelines; and
- Ensuring that the Company's external communications are characterized by openness and that they are accurate, reliable and relevant.

The Board has adopted Rules of Procedure for its internal activities, which include rules regarding the number of Board meetings, matters to be handled at regular Board meetings and the duties of the Chair of the Board. These Rules of Procedure are updated and adopted by the Board each year at the "Statutory Board Meeting" which is normally held immediately after the AGM. The Chair shall also ensure that the Board evaluates the CEO on a regular basis, at least once a year.

The Board has also issued written instructions specifying when and how information required to enable the Board to evaluate the Company and the Group's financial position shall be reported to the Board, as well as the distribution of duties between the Board and the CEO. The Board has established an Audit Committee and a People & Sustainability Committee, which discharge certain monitoring and oversight responsibilities on behalf of the Board, as more fully described below.

The Chair of the Board ensures that the Board's work and procedures are evaluated and discussed with Board members annually, and are brought to the attention of the Nomination Committee with the aim of developing the Board's working methods and efficiency. In 2019, such evaluation was conducted principally through a combination of individual interviews and a detailed

Board questionnaire. The results of such evaluation were presented to, and discussed with, the Nomination Committee as well as to the full Board. The Board members elected by the 2019 AGM fulfil the independence criteria set out by the Swedish Code, which requires that a majority be independent of the Company's management, and that at least two of those be independent as to the Company's largest shareholders.

Fees to Board Members

Fees to Board members, including fees for committee work, are set by the shareholders at the AGM. For information on fees to the Board in 2019, see note 4.

Board Meetings

According to the Board's Rules of Procedure, the Board shall hold at least four ordinary meetings and one statutory meeting per calendar year. In 2019, the Board held ten meetings, of which three were by telephone, three were held in Stockholm, Sweden, two were held in Huskvarna, Sweden, one was per capsulam (i.e., by unanimous written consent) and one was held in Aycliffe, UK.

At Board meetings, the Company's CFO and General Counsel are also present. The General Counsel serves as the Board's secretary and records the minutes of the Board meetings. Other members of Group Management or other senior managers of the Company may also be asked to attend and report on significant matters.

When relevant and at least quarterly, Group Management presents forecasts and key performance indicators, providing the Board with an overview of the financial development and expectations of the Company. The Company's budget is reviewed and approved once a year, generally in the fall. The Board also reviews the Company's significant litigation matters, follows up on the Company's compliance and risk management work, and monitors the Company's progress regarding its sustainability agenda. The Board maintains an active oversight role in the Group's Enterprise Risk Management program, as more fully described in the "Risk Management" section of this Annual Report. In addition, the Company's external auditors meet with the Board once a year, without participation of any member of Group Management.

The Audit Committee

In accordance with the Swedish Companies Act, the Board annually appoints an Audit Committee whose primary responsibilities are to (a) monitor the Company's financial reporting, (b) oversee the effectiveness of the Company's internal control, internal audit function and risk management as they relate to financial reporting, (c) review and supervise the Company's external auditors' impartiality and independence, and (d) when applicable, assist in the preparation of proposals for the AGM's election of auditors. The Audit Committee may also exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time. The Board has adopted a charter for the Audit Committee, which is periodically updated and approved by the Board.

The Board determines the composition of the Audit Committee, which shall have at least two members, none of whom may be employed by the Company. At least one of the members of the Audit Committee must have auditing or accounting competence. The Board appoints the Committee members annually at the Statutory Board Meeting or when a Committee member needs to be replaced.

The Audit Committee members appointed in April 2019 were Ulla Litzén (Chair), Daniel Nodhäll and Katarina Martinson, who were the same members as the previous year. Audit Committee meetings are also attended by the Company's internal auditor, by

the General Counsel, who keeps the minutes of the meetings, the Company's CFO, and the external auditors. Other members of Group Management are present to report on matters as relevant. The Audit Committee regularly reports on its findings and recommendations to the full Board. Minutes of all Audit Committee meetings are also distributed to the full Board.

In 2019, the Audit Committee held seven meetings, which fulfil its own charter rule that it shall meet at least four times per year. The Audit Committee meetings follow an adopted agenda plan, which includes a review of open issues, a treasury and tax update, and an internal audit update. The Audit Committee also reviews the Company's Interim Reports and Boards' Report before they are submitted to the Board. The Committee meets frequently with the Company's external auditors who deliver reports on the audit. It also reviews the Company's compliance work and litigation activities quarterly.

The People & Sustainability Committee (formerly the Remuneration Committee)

The responsibilities of the Committee are to oversee:

- A. management remuneration and talent management, and
- B. the Company's Sustainability efforts.

This Committee is intended to be and act as the Company's "remuneration committee", within the meaning of the Swedish Code. The Committee shall consist of as many members as the Board shall determine, but in no event less than three members. The Board shall appoint the Committee members annually, at the Statutory Board Meeting, or when a Committee member needs to be replaced. Each Committee member shall satisfy applicable independence and other requirements of law and other regulations applicable to the Company from time to time. The Board shall appoint the Committee's Chair. The Committee's Secretary shall be the Company's Senior Vice President People & Organization.

The Committee's Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that, the Committee shall meet at least twice per calendar year. The Committee may, at its discretion, include in its meetings members of the Company's management (normally the CEO), the Company's external or internal auditors, any other personnel employed or retained by the Company or any other person whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the CEO or any other member of Group Management may not be present during voting or deliberations concerning his or her compensation or assessment. The Committee shall report to the entire Board of the Company after each of its meetings and as otherwise requested by the Chair of the Board and shall make available to the Board the minutes of its meetings by the Secretary.

With respect to Management Compensation & Talent Management, the Committee is assigned to perform the following general tasks:

- to prepare the Board's decisions on principles for remuneration and other terms of employment for the CEO and for other members of Group Management, including such Remuneration Guidelines and Remuneration Reports, as are required by applicable law (including the EU's Shareholders Rights Directive);
- to monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for Group Management;
- to monitor and evaluate the application of the principles for remuneration that the AGM is legally obliged to establish, as well as the current remuneration structures and levels in the Company; and
- to evaluate future talents for Group Management positions and monitor succession planning.

With respect to Sustainability, the Committee is assigned to perform the following general tasks:

- To periodically review the Group's overall efforts within the field of Sustainability, including without limitation, approving (or recommending to the full Board for approval) any Sustainability related targets or changes to existing targets.
- To actively track progress towards the Group's previously established Sustainability targets.
- To review and comment on the Group's annual "Sustainovate Progress Report", prior to submission to the full Board for approval.
- To otherwise monitor the Group's overall Sustainability work, including a review of any material information in the press that may reflect either positively or negatively on the public perception of the Group's commitment to sustainability.

The above tasks shall be supported by the Group's Head of Sustainability (currently within Operations Development), who

shall normally report to the Committee (or the full Board) at least twice per year. The Committee members appointed in April 2019 were Lars Petterson (Chair), Tom Johnstone and Bertrand Neuschwander. For more information on remuneration to Group Management, see note 4.

In 2019, the Committee held three meetings, which fulfils the charter criteria that it shall meet at least twice a year.

External Auditors

At the 2019 AGM, in accordance with the proposal of the Nomination Committee, Ernst & Young AB was elected as auditor for the period from the 2019 AGM up until the end of the 2020 AGM. The auditor-in-charge is Hamish Mabon.

As per the decision taken at the 2019 AGM, the auditor's fee until the 2020 AGM shall be paid on the basis of approved invoices. For more information, see note 8.

Group Management Structure



Group Management & Divisional Structure

Husqvarna Group has a brand-driven organizational structure, with three separate reporting divisions: The Husqvarna Division, the Gardena Division, and the Construction Division. Group Management is now a 10 member team comprised of (a) the CEO, (b) the three divisional presidents, and (c) the heads of seven Group Functions, in each case, as shown above (two of which functions are currently headed by the same individual).

Group Management, together, makes decisions on:

- the Group's strategic and business development,
- allocations of responsibilities as between the Group functions and the respective divisions,
- enhancing Group synergies,
- internal financial and business follow-up,
- external financial reporting for Board approval,
- Group governance,
- Group staffing plans,
- issue resolution,
- budgets,

- external affairs,
- Board reporting,
- progress on Sustainability efforts,
- risk management and mitigation (see "Risk Management" section of this Annual Report), and
- Group policies and guidelines.

Group Management meets in person on a quarterly basis, with a telephone meeting in each month in which there is no physical meeting.

Clear roles and responsibilities apply for each of the Group functions as well as for the divisions. A Group governance structure has been implemented to ensure that decisions are made as close to operations as possible. Clear guidance has been provided to identify the level on which different types of decisions should be made. Changes to the governance structure (including applicable roles and responsibilities) can only be made by the decision of Group Management.

The CEO

The CEO is appointed by the Board and is responsible for the ongoing management of the Company in accordance with the Board's guidelines and instructions. These instructions include responsibility for financial reporting, preparation of information for decisions and ensuring that commitments, agreements and other legal documents are in compliance with applicable laws and the Group Code of Conduct. The CEO also ensures compliance with the goals, policies and strategic plans approved by the Board, and updates the Board on the same when necessary. The CEO appoints all members of Group Management, with input from the Board Chair.

The Divisional Presidents

Each of the three divisions has its own President, who in turn reports to the Group CEO. Each of such division Presidents is responsible for the income statement and balance sheet for his/her respective division. However, all decisions made by a division are subject to the Group's overall strategic goals and policies. For more information about Husqvarna Group's divisions, please see section "Divisions".

The Group Function Heads

Group Management includes the heads of the seven "Group Functions" as described below. These functions are designed to support the divisions with forward-looking initiatives and/or to continue to capture certain Group synergies where appropriate following the recent shift to increased divisional autonomy.

- 1. Innovation and Technology.** This function, which is headed by Anders Johanson, is leading the Group's Innovation Strategy, with focus on the future of Robotics and Data Driven Services. This function scouts new opportunities and innovates early concepts in close cooperation with the start-up community and leading academic centers. It also drives applied research in selected digital areas with leading universities. The function's organization is comprised of three sub-groups focusing on (a) Accelerated Innovation and Venturing, (b) Applied Digital Innovation, and (c) Technology and IP Intelligence, respectively. It also houses the Group's Artificial Intelligence Lab.
- 2. Business Development.** This function, which is headed by Per Ericson, is primarily responsible for leading the work on the Group's long-term strategy, as well as M&A activities. The function's organization is comprised of five sub-groups focusing on (a) Business Intelligence, (b) Strategy Planning & Projects, (c) Mergers & Acquisitions, (d) Venture Capital investments, and (e) Licensing, respectively.
- 3. Operations Development.** This function, which is headed by Pavel Hajman, is primarily responsible for securing Group wide synergies where appropriate, accelerating certain key priority areas, and securing business assurance. The function's organization includes sub-groups focusing on (a) Business Assurance (Sustainability, EHS, Product Compliance and Quality), (b) Digital Commerce acceleration and Customer Experience, (c) Robotics & Battery Acceleration, and (d) a Program Office, which includes Sourcing coordination, Efficiency programs and Change management.
- 4. Global Information Services (IT).** This function, which is also headed by Pavel Hajman, is primarily responsible for overseeing the Group's IT strategy, systems & infrastructure and operational support. It provides IT services and solutions including IT security, and also supports and collaborates with the IT personnel housed within the divisions. The function's organization is comprised of three delivery focused groups, aligned to the

three divisions, and three governing groups, each with a designated focus area, in Enterprise Architecture, Infrastructure & Security and Common Systems & PMO, respectively.

- 5. Finance, IR & Communication.** This function, which is headed by the Group's CFO, Glen Instone, has primary responsibility for the Group's financial controlling and reporting. It also coordinates and collaborates with finance personnel housed within the divisions. The function's organization is comprised of a number of sub-groups including (a) Treasury, (b) Internal Control, (c) Tax, (d) Business Control, (e) Group Accounting, (f) Internal Audit and (g) Real Estate. It also houses the Group's Investor Relations and Communication (internal and external) function.
- 6. Legal Affairs.** This function, which is headed by the Group's General Counsel, Brian Belanger, is responsible for providing all relevant legal support to the Group and the divisions. It also houses the Group's Risk Management function, the Data Privacy Office, and the Compliance & Integrity function. In order to secure independence, all members of the Legal Affairs team, including those sitting with the divisions, report to the Group's General Counsel.
- 7. People & Organization (HR).** This function, which is headed by Leigh Dagberg, has primary responsibility for overseeing the Group's HR initiatives, including the recruitment, advancement and retention of personnel. It also takes the lead on the Group's compensation & benefits and talent management, and coordinates on a dotted-line basis with HR personnel located within the divisions.

Note regarding Governance of Climate-Related Risks (TCFD)

Please refer to the "Risk Management" section of this Annual Report, for a description of (a) the Board's oversight of climate-related risks and opportunities, and (b) Group Management role in assessing and managing risks and opportunities, as contemplated by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

External information

Husqvarna Group employs a series of procedures, controls, and systems to ensure the Group is able to provide the market with timely and accurate information, to the extent required by applicable law and good corporate practice, including the disclosure requirements of the EU's Market Abuse Regulation (MAR) and Nasdaq Stockholm's Rule Book for Issuers. The Board has delegated to the CEO, and an internal disclosure committee, comprised of the Group's CFO, General Counsel and head of Business Development, the day-to-day responsibility for assessing whether insider information exists (within the meaning of the MAR), and for ensuring that such information is promptly disclosed or, in exceptional circumstances, to delay such disclosure where necessary to protect the interests of the Company, and permitted by applicable law.

Financial information is regularly issued in the form of:

- Interim reports, published as press releases;
- Annual Reports;
- Press releases concerning news and important issues;
- Presentations and telephone conferences for financial analysts, investors and media on the day of publication of the interim and year-end reports, and in connection with the publication of other important information; and
- Presentations for financial analysts and investors in connection with capital market days and road shows, etc.

All reports, presentations and press releases are published on the Group's website at www.husqvarnagroup.com.

Internal Control over Financial Reporting

The Board is responsible for the Company's internal controls according to the Swedish Companies Act, Swedish Annual Accounts Act and the Swedish Code. The purpose of this report is to provide shareholders and other interested parties with an understanding of how internal control is organized within Husqvarna Group. It is limited to internal control over financial reporting.

This description of the Group's internal control activities is based on the COSO framework (The Committee of Sponsoring Organizations of the Treadway Commission). The COSO framework comprises five key components that jointly facilitate achieving the objective of reliable financial reporting.

Control environment

The foundation to establish good internal control is a framework of governing documents such as policies, instructions, guidelines and manuals that are embedded in the organizations vision and strategy. The Husqvarna Group Code of Conduct sets the importance of integrity and ethical values governing interactions with employees, business partners and other stakeholders. The Group's governance policies provide the framework that defines the organizational structure, responsibilities and authorities. The Board is ultimately responsible for establishing an effective internal control system, including that the Company has procedures to ensure that (i) approved policies for financial reporting and internal controls are applied, (ii) the Company's financial reports are produced in accordance with applicable legislation, accounting standards and other requirements for listed companies, and (iii) there is an appropriate system for follow-up and control of the Company's financial reporting. The Board has established Rules of Procedure and clear instructions for its work, which also cover the activities of the Audit Committee. The overall duty of the Audit Committee is to support the Board's supervision of the audit and reporting processes, and to ensure the quality of such processes. The activities of the Audit Committee during the year are described on page 58.

Responsibility for maintaining an effective control environment as well as the ongoing work on risk management and internal control over financial reporting is delegated to the CEO by the Board. This responsibility, in turn, is further delegated to managers within their specific areas at various levels in the Company. Responsibility and authority are defined in instructions to the CEO, regarding the right to sign for the Company, as well as within various internal policies, instructions and guidelines.

Risk assessment

Risks relating to financial reporting are evaluated and monitored by the Board through the Audit Committee. A risk assessment is performed by management once a year and presented to the Audit Committee covering profit and loss and balance sheet items in the financial reporting and related areas and processes. The purpose of the risk assessment is to identify, which risks could result in a material misstatement in financial reporting, and to direct internal control activities to manage those risks in a proactive manner.

Control activities

Control activities are integrated in processes for accounting and financial reporting. The prerequisite to ensure reliable financial reporting from all entities are uniform accounting principles which are stipulated in the Husqvarna Accounting Manual. For key financial processes, the Group has established Minimum Internal

Control Requirements (MICR) for its reporting units to enhance Husqvarna's internal control environment. Husqvarna Group has a dedicated internal control function. The objective of Group Internal Control is to provide support for Group Management and the management of the divisions, enabling them to continuously improve internal control relating to financial reporting.

Information and communication

The Husqvarna Group has a central document management system, which contains the governing documents, and is open to all employees. The governing documents relating to financial reporting such as the Husqvarna Accounting Manual are subject to regular reviews and updates. Changes in accounting procedures are communicated and explained in newsletters from the Group's accounting function. Furthermore, to ensure the correct implementation of such changes, the Group has established internal forums with participation from key stakeholders in the area of financial reporting.

Monitoring activities

Ongoing responsibility for monitoring and follow-up of financial reporting is performed by the Group Finance function. Country Officers are appointed by the Husqvarna Group in each country where the Group has at least one active subsidiary. The duties of such Country Officers include safeguarding the interests of shareholders as well as to ensure compliance with laws and regulations. Country Officers' responsibilities also include ensuring that the entities' internal controls and financial reporting comply with Group policies, instructions and guidelines.

Group Management performs monthly reviews of the results for the Group and the divisions, as well as updated forecasts, strategic plans and ongoing business activities. Identified internal control deficiencies are communicated in a timely manner to operational management responsible for taking corrective action, and to the Board, as appropriate. Considerations made in the quarterly closings are reported to the Audit Committee before the financial reports are presented to the financial market.

The Group Internal Audit function supports the development and improvement of internal control over financial reporting. Group Internal Audit was established by the Audit Committee as part of their monitoring role and as such the function has a solid reporting line to the Audit Committee. An annual internal audit plan based on an independent risk assessment is approved by the Audit Committee. Based on this audit plan, Group Internal Audit performs independent and objective audits to evaluate and improve the effectiveness of Husqvarna Group's governance, risk management and internal control processes. The results of these audits are presented to the respective stakeholders including the Group CFO, the CEO, and the Audit Committee. The findings of the internal audits are reported to the Audit Committee together with the status of the progress to improve the internal control activities.

Board of Directors and auditors



Name	Tom Johnstone, CBE	Ulla Litzén	Katarina Martinson	Bertrand Neuschwander
Function	Chair of the Board	Board member	Board member	Board member
Born	1955	1956	1981	1962
CV	M. A., University of Glasgow, Scotland, Hon. Doc. in B.A., University of South Carolina, US. Hon. Doc. in Science, Cranfield University, UK. Member of the People & Sustainability Committee.	B. Sc., Stockholm School of Economics, Sweden and an MBA, Massachusetts Institute of Technology, US. Chair of the Audit Committee.	M. Sc., Stockholm School of Economics, Sweden. Portfolio management for the Lundberg Family. Member of the Audit Committee.	Graduate engineer, Institut National Agronomique de Paris-Grignon, France, with an MBA from INSEAD. Member of the People & Sustainability Committee.
Other major assignments	Board Chair of Combient AB and of the British-Swedish Chamber of Commerce. Vice Board Chair of Wärtsilä Corporation. Board member of Investor AB, Northvolt AB and Volvo Cars.	Board member of AB Electrolux, Epiroc AB, NCC AB and Ratos AB.	Board Chair of Indutrade AB. Board member of L E Lundberg-företagen AB, Fastighets AB L E Lundberg, Förvaltnings AB Lunden, L E Lundberg Kapitalförvaltning AB, Fidelio AB and AniCura AB.	Board member of Serge Ferrari Group SA.
Previous positions	President & CEO of AB SKF 2003–2014. Executive Vice President of AB SKF 1999–2003. President Automotive Division, AB SKF 1995–2003. Senior management positions within AB SKF since 1987.	President of W Capital Management AB 2001–2005. Senior management positions and member of the Management Group, Investor AB 1996–2001. Managing Director, responsible for Core Holdings 1999–2000. President of Investor Scandinavia AB 1996–1998.	Analyst at Handelsbanken Capital Markets 2008, Vice President at Strategas Research Partners LLC, New York, US 2006–2008, investment research at ISI, International Strategy & Investment Group, New York, US 2005–2006.	Chief Operating Officer, Groupe SEB, France 2014-2019, Senior Executive Vice President for Business Units, Brands, Innovation & Strategy, Groupe SEB 2012–2014, Senior Executive Vice President for Business Units Brands & Innovation, Groupe SEB 2010–2012, CEO, Devanlay/Lacoste 2004–2009, Chair and Chief Executive Officer, Aubert Group 2001–2004.
Holdings in Husqvarna December 31, 2019	990 A-shares, 14,800 B-shares, and 384,024 call options ¹ .	10,000 B-shares	113,478 A-shares 378,737 B-shares	7,500 B-shares
Nationality / Elected	UK / 2006	SE / 2010	SE / 2012	FR / 2016
Total fees 2019, KSEK	2,080	820	715	660
Board meeting attendance	10/10	10/10	10/10	10/10
People & Sustainability Committee attendance	3/3	–	–	1/3
Audit Committee attendance	–	7/7	6/7	–
Independence to Husqvarna Group	Yes	Yes	Yes	Yes
Independence to major shareholders	No	Yes	No	Yes

¹ Consisting of (a) 192,012 call options issued by Investor AB entitling to purchase Husqvarna B-shares, and (b) 192,012 call options issued by L E Lundbergföretagen AB entitling to purchase Husqvarna B-shares.

Auditors

Ernst & Young AB, Hamish Mabon, Authorized Public Accountant. Born 1965. Other audit assignments include: Skanska AB, Svenska Cellulosa Aktiebolaget SCA, Essity AB and SEB. Holdings in Husqvarna: 0 shares.



Soili Johansson

Employee representative Born 1962. Representative of the Federation of Salaried Employees in Industry and Services. Holdings in Husqvarna: 225 A-shares, 750 B-shares.



Carita Svärd

Employee representative Born 1968. Representative of the Swedish Confederation of Trade Unions. Holdings in Husqvarna: 0 shares.



Daniel Nodhäll
Board member

1978

M. Sc., Stockholm School of Economics, Sweden. Managing Director, Head of Listed Core Investments at Investor AB. Member of the Audit Committee.

Board member of SAAB AB.

Analyst focused on the engineering sector at Investor AB since 2002.

10,000 B-shares

SE / 2013

715

9/10

–

7/7

Yes

No



Lars Pettersson
Board member

1954

M. Sc. in Applied Physics, Material Sciences, Uppsala University, Sweden. Hon. Doc. at Uppsala University. Chair of the People & Sustainability Committee.

Board Chair of KP-Komponenter A/S. Board member of Festo AG, AB Industrivärden, Indutrade AB and LE Lundbergföretagen AB.

President & CEO of AB Sandvik 2002–2011 and various positions within AB Sandvik 1978–2002.

5,000 B-shares

SE / 2014

720

10/10

3/3

–

Yes

No



Christine Robins
Board member

1966

BBA in Marketing and Finance, University of Wisconsin, Madison, US and an MBA at Marquette University, Milwaukee, WI, US.

President & CEO of Char-Broil LLC, Columbus, GA, US 2014–2019. President & CEO of BodyMedia, Pittsburgh, PA, US 2009–2014. President & CEO of Philips Oral Healthcare, Seattle, WA, US 2005–2009. Marketing and Finance positions within S.C. Johnson company 1988–2005.

American Depositary Receipts (ADR) B 1,866

US / 2017

580

9/10

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Yes

Yes



Kai Wärn
Board member
(and President & CEO)

1959

M. Sc. in Mechanical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden. President & CEO of Husqvarna AB.

Board member of AB Electrolux.

Operations partner at IK Investment Partners Norden AB 2011–2013. President & CEO of Seco Tools AB 2004–2010. Various positions within ABB 1985–2004.

385,149 B-shares (Own)
100,000 B-shares (Legal person)

SE / 2014

–

10/10

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No

Yes



Dan Byström
Deputy employee representative
Born 1971. Representative of the Swedish Confederation of Trade Unions. Holdings in Husqvarna: 20 B-shares.



Anders Köhler
Deputy employee representative
Born 1973. Representative of the Federation of Salaried Employees in Industry and Services. Holdings in Husqvarna: 30 A-shares, 1,050 B-shares.

Group Management



	Kai Wärn¹	Glen Instone	Henric Andersson¹	Brian Belanger	Leigh Dagberg
Name	Kai Wärn¹	Glen Instone	Henric Andersson¹	Brian Belanger	Leigh Dagberg
Function	President & CEO	Senior Vice President, Finance, IR & Communication and Chief Financial Officer	President, Construction Division	Senior Vice President, Legal Affairs, General Counsel and Secretary to the Board	Senior Vice President, People & Organization
Born	1959	1977	1973	1969	1970
CV	M. Sc. in Mechanical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden. Employed 2013. Board member of AB Electrolux. Member of Group Management since 2013.	B.A. (Hons) in Accounting & Finance, University of Teesside, UK. Chartered Institute of Management Accountants (CIMA). Employed 2002. Member of Group Management since 2018.	M. Sc. in Industrial Engineering & Management, Linköping Institute of Technology, Sweden. Employed 1997. Member of Group Management since 2012.	J.D./LLM, Duke University School of Law. Employed 2006. Member of Group Management since 2015.	M. Sc. in Organizational Behaviour, University of London, UK. B.A. in History, University of California, Berkeley, US. Employed 2013. Member of Group Management since 2018.
Previous positions	Operations partner at IK Investment Partners Norden AB 2011–2013. President & CEO of Seco Tools AB 2004–2010. Various positions at ABB 1985–2004.	Various positions in Husqvarna Group; Vice President Global Sales & Service, Husqvarna Division 2016–2018, VP & CFO Husqvarna Division 2014–2017, VP & CFO EMEA, 2013–2014, VP & CFO Manufacturing, Logistics and Sourcing 2011–2013, VP & CFO Global Supply Chain 2009–2011.	Various positions in Husqvarna Group; Senior Vice President, Technology Office, 2014–2015. Executive Vice President, Head of Product Management & Development 2012–2015. Vice President Construction Equipment 2008–2011. Vice President Commercial Lawn & Garden and President, Husqvarna Turf Care 2004–2008. Various positions in product and business management, Husqvarna 1997–2004.	Vice President Legal Affairs Husqvarna Asia/Pacific Region, Husqvarna Group 2009–2012, with temporary additional assignments as Acting General Counsel Husqvarna Americas, Husqvarna Group 2013 and acting Head of Asia/Pacific Sales Region 2014. Associate General Counsel, Husqvarna Americas, Husqvarna Group 2006–2009, Partner, Cohen & Grigsby, P.C. 2000–2006.	Vice President and Head of People & Organization, Husqvarna Group 2018. Vice President Talent Management, Husqvarna Group 2013–2018. Manager, PwC Consulting 2012–2013. Partner and Consultant, MindShift 2002–2012. Head of Research & Consulting, Manager, Universum 1997–2000. Research Specialist and Product Developer, Information Express 1992–1996.
Holdings in Husqvarna December 31, 2019	385,149 B-shares (Own) and 100,000 B-shares (Legal person)	25,599 B-shares	56,065 B-shares	43,370 B-shares	12,992 B-shares

¹ Henric Andersson will replace Kai Wärn as President and CEO as from April 2, 2020.

**Per Ericson**

Senior Vice President,
Business Development

1963

Forest Engineer, Swedish University of Agricultural Sciences, Sweden. Studies in Change Management in Organization and Social Systems, International Association for Organisational and Social Development (IOD), Belgium. Employed 2011. Member of Group Management since 2011.

Various positions in Husqvarna Group; SVP Group People & Organization 2011–2018, acting SVP Group Communications, Brand & Marketing 2017–2018. Executive Vice President Human Resources, Haldex 2006–2011. Various positions with increasing responsibility, Stora Enso 1987–2006, most recently as Executive Vice President Corporate Human Resources & Business Excellence.

92,635 B-shares

**Pavel Hajman**

Senior Vice President,
Operations Development,
Global Information Services
and CIO

1965

M. Sc. in Industrial Engineering and Management, Linköping Institute of Technology, Sweden. Employed 2014. Member of Group Management since 2014.

President, Husqvarna Division 2014–2018. Executive Vice President, Head of Asia/Pacific, Husqvarna Group 2014. President Assa Abloy AHG Greater China 2013–2014. Various positions in Seco Tools, President Asia/Pacific, Senior Vice President Group Business Development, Regional Director CEE, 1990–2013.

101,343 B-shares

**Anders Johanson**

Senior Vice President,
Innovation and
Technology and CTO

1969

M. Sc. Chemical Engineering and an MBA, Chalmers University of Technology, Gothenburg, Sweden. Employed 2015. Part time adjunct professor, industrial product development, KTH Royal Institute of Technology, Stockholm, Sweden. Board member Etac Group. Member of Group Management since 2015.

Partner and Global Practice Leader Technology and Innovation Management, Arthur D. Little 2000–2006; 2008–2015. Director Strategic Product and Technology Planning, Gambro 2008. Director Business office and head of Business Consulting, Volvo IT 2006–2007. Various positions within Nobel Biocare 1996–2000.

17,761 B-shares

**Sascha Menges**

President,
Husqvarna Division

1971

M. Sc. in Ind. Engineering & Management, Swiss Federal Institute of Technology, Zurich, Switzerland. MBA, INSEAD, France. Employed 2004. Member of Group Management since 2011.

President Gardena Division 2014–2018. Executive Vice President, Head of Manufacturing & Logistics, Husqvarna Group 2011–2014. Various positions in Supply Chain Management and Operations, Husqvarna Group 2007–2011. Vice President Supply Chain Management, Gardena AG 2004–2007. Associate Principal Management Consulting, McKinsey & Company, Inc 1996–2004.

111,026 B-shares

**Pär Åström**

President,
Gardena Division

1972

M. Sc. in Industrial Engineering & Management, KTH Royal Institute of Technology, Stockholm, Sweden. Employed 2013. Member of Group Management since 2015.

Senior Vice President Business Development, Husqvarna Group 2013–2018. Principal, A.T. Kearney Management Consultants 2007–2013. A.T. Kearney and Occam Associates Management Consulting 1998–2007.

61,838 B-shares